

1                                   A bill to be entitled  
2           An act relating to local government  
3           accountability; amending s. 11.40, F.S.;  
4           revising duties of the Legislative Auditing  
5           Committee; amending s. 11.45, F.S.; revising  
6           reporting requirements of the Auditor General;  
7           amending s. 61.181, F.S.; correcting a  
8           cross-reference; amending s. 75.05, F.S.;  
9           deleting a requirement for an independent  
10          special district to submit a copy of a  
11          complaint to the Division of Bond Finance of  
12          the State Board of Administration; amending s.  
13          112.08, F.S.; clarifying that local governments  
14          are authorized to provide health insurance;  
15          amending s. 112.625, F.S.; revising the  
16          definition of "governmental entity" to include  
17          counties and district school boards; amending  
18          s. 112.63, F.S.; providing for additional  
19          information to be provided to the Department of  
20          Management Services in actuarial reports with  
21          regard to retirement systems and plans and  
22          providing procedures therefor; providing for  
23          notification of the Department of Revenue and  
24          the Department of Financial Services in cases  
25          of noncompliance and authorizing the  
26          withholding of certain funds; requiring the  
27          Department of Management Services to notify the  
28          Department of Community Affairs in the case of  
29          affected special districts; amending s.  
30          191.005, F.S.; exempting a candidate from  
31          campaign requirements under specified

1 conditions; providing for the removal of a  
2 board member upon becoming unqualified;  
3 amending s. 130.04, F.S.; revising provisions  
4 governing notice of bids and disposition of  
5 bonds; amending s. 132.02, F.S.; revising  
6 provisions relating to the authorization to  
7 issue refund bonds; amending s. 132.09, F.S.;  
8 revising provisions relating to the notice of  
9 sale, bids, and awards and private sale of  
10 bonds; amending s. 163.05, F.S.; revising  
11 provisions governing the Small County Technical  
12 Assistance Program; amending s. 166.121, F.S.;  
13 revising provisions governing the issuance of  
14 bonds by a municipality; amending s. 166.241,  
15 F.S.; providing a municipal budget amendment  
16 process and requirements; amending s. 189.4044,  
17 F.S.; revising special procedures for  
18 determination of inactive special districts;  
19 amending s. 189.412, F.S.; revising duties of  
20 the Special District Information Program of the  
21 Department of Community Affairs; amending s.  
22 189.418, F.S.; revising reporting requirements  
23 of newly created special districts; authorizing  
24 the governing body of a special district to  
25 amend its budget; amending s. 189.419, F.S.;  
26 revising provisions relating to the failure of  
27 special districts to file required reports;  
28 amending s. 189.421, F.S.; revising provisions  
29 governing the failure of special districts to  
30 disclose financial reports; providing for  
31 extension of time for the filing of said

1 reports; providing remedies for noncompliance;  
2 providing for attorney's fees and costs;  
3 amending s. 189.428, F.S.; revising provisions  
4 governing the special district oversight review  
5 process; amending s. 189.439, F.S.; revising  
6 provisions governing the issuance of bonds by  
7 special districts; amending s. 191.005, F.S.;  
8 exempting a candidate from campaign  
9 requirements under specified conditions;  
10 providing for the removal of a board member  
11 upon becoming unqualified; amending s. 218.075,  
12 F.S.; revising provisions governing the  
13 reduction or waiver of permit processing fees  
14 for certain counties; amending s. 218.32, F.S.,  
15 relating to annual financial reports; requiring  
16 the Department of Financial Services to notify  
17 the Speaker of the House of Representatives and  
18 the President of the Senate of any municipality  
19 that has not had financial activity for a  
20 specified period of time; providing that such  
21 notice is sufficient to initiate dissolution  
22 procedures; repealing s. 218.321, F.S.,  
23 relating to annual financial statements of  
24 local governmental entities; amending s.  
25 218.39, F.S.; providing reporting requirements  
26 for certain special districts; amending s.  
27 218.36, F.S.; revising reporting requirements  
28 for boards of county commissioners relating to  
29 the failure of a county officer to comply with  
30 the provisions of the section; amending s.  
31 218.369, F.S.; revising the definition of "unit

1 of local government" to include district school  
2 boards; renaming pt. V of ch. 218, F.S., as  
3 "Local Governmental Entity and District School  
4 Board Financial Emergencies"; amending s.  
5 218.50, F.S.; renaming ss. 218.50-218.504,  
6 F.S., as the "Local Governmental Entity and  
7 District School Board Act"; amending s.  
8 218.501, F.S.; revising the stated purposes of  
9 pt. V of ch. 218, F.S.; amending s. 218.502,  
10 F.S.; revising the definition of "local  
11 governmental entity"; amending s. 218.503,  
12 F.S.; revising provisions governing the  
13 determination of financial emergency for local  
14 governments and district school boards;  
15 amending s. 218.504, F.S.; revising provisions  
16 relating to the authority of the Governor and  
17 authorizing the Commissioner of Education to  
18 terminate all state actions pursuant to ss.  
19 218.50-218.504, F.S.; repealing ch. 131, F.S.,  
20 consisting of ss. 131.01, 131.02, 131.03,  
21 131.04, 131.05, and 131.06, F.S., relating to  
22 refunding bonds of counties, municipalities,  
23 and special districts; repealing s. 132.10,  
24 F.S., relating to minimum sale price of bonds;  
25 repealing s. 165.052, F.S., relating to special  
26 dissolution procedures for municipalities;  
27 repealing s. 189.409, F.S., relating to  
28 determination of financial emergencies of  
29 special districts; repealing s. 189.422, F.S.,  
30 relating to actions of the Department of  
31 Community Affairs and special districts;

1           repealing s. 200.0684, F.S., relating to an  
2           annual compliance report of the Department of  
3           Community Affairs regarding special districts;  
4           repealing s. 218.37(1)(h), F.S., relating to  
5           the requirement that the Division of Bond  
6           Finance use a served copy of the complaint for  
7           bond validation to verify compliance by special  
8           districts with the requirements in s. 218.38,  
9           F.S.; amending s. 1010.47, F.S.; providing that  
10          school districts must sell bonds; deleting  
11          obsolete provisions relating to the sale of  
12          bonds by a school district; transferring a  
13          position from the Executive Office of the  
14          Governor to the Department of Financial  
15          Services; providing an effective date.

16  
17 Be It Enacted by the Legislature of the State of Florida:

18  
19           Section 1. Paragraphs (a) and (b) of subsection (5) of  
20 section 11.40, Florida Statutes, are amended to read:

21           11.40 Legislative Auditing Committee.--

22           (5) Following notification by the Auditor General, the  
23 Department of Financial Services ~~Banking and Finance~~, or the  
24 Division of Bond Finance of the State Board of Administration  
25 of the failure of a local governmental entity, district school  
26 board, charter school, or charter technical career center to  
27 comply with the applicable provisions within s. 11.45(5)-(7),  
28 s. 218.32(1), or s. 218.38, the Legislative Auditing Committee  
29 may schedule a hearing. If a hearing is scheduled, the  
30 committee shall determine if the entity should be subject to  
31 further state action. If the committee determines that the

1 entity should be subject to further state action, the  
2 committee shall:

3 (a) In the case of a local governmental entity or  
4 district school board, direct ~~request~~ the Department of  
5 Revenue and the Department of Financial Services ~~Banking and~~  
6 ~~Finance~~ to withhold any funds not pledged for bond debt  
7 service satisfaction which are payable to such entity until  
8 the entity complies with the law. The committee, ~~in its~~  
9 ~~request~~, shall specify the date such action shall begin, and  
10 the directive ~~request~~ must be received by the Department of  
11 Revenue and the Department of Financial Services ~~Banking and~~  
12 ~~Finance~~ 30 days before the date of the distribution mandated  
13 by law. The Department of Revenue and the Department of  
14 Financial Services ~~Banking and Finance~~ are authorized to  
15 implement the provisions of this paragraph.

16 (b) In the case of a special district, notify the  
17 Department of Community Affairs that the special district has  
18 failed to comply with the law. Upon receipt of notification,  
19 the Department of Community Affairs shall proceed pursuant to  
20 the provisions specified in s. ss. 189.421 ~~and 189.422~~.

21 Section 2. Subsection (5), paragraph (e) of subsection  
22 (7), and subsection (8) of section 11.45, Florida Statutes,  
23 are amended to read:

24 11.45 Definitions; duties; authorities; reports;  
25 rules.--

26 (5) PETITION FOR AN AUDIT BY THE AUDITOR GENERAL.--The  
27 Legislative Auditing Committee shall direct the Auditor  
28 General to make an ~~a financial~~ audit of any municipality  
29 whenever petitioned to do so by at least 20 percent of the  
30 electors of that municipality. The supervisor of elections of  
31 the county in which the municipality is located shall certify

1 whether or not the petition contains the signatures of at  
2 least 20 percent of the electors of the municipality. After  
3 the completion of the audit, the Auditor General shall  
4 determine whether the municipality has the fiscal resources  
5 necessary to pay the cost of the audit. The municipality shall  
6 pay the cost of the audit within 90 days after the Auditor  
7 General's determination that the municipality has the  
8 available resources. If the municipality fails to pay the cost  
9 of the audit, the Department of Revenue shall, upon  
10 certification of the Auditor General, withhold from that  
11 portion of the distribution pursuant to s. 212.20(6)(d)6.  
12 which is distributable to such municipality, a sum sufficient  
13 to pay the cost of the audit and shall deposit that sum into  
14 the General Revenue Fund of the state.

15 (7) AUDITOR GENERAL REPORTING REQUIREMENTS.--

16 (e) The Auditor General shall notify the Governor or  
17 the Commissioner of Education, as appropriate, and the  
18 Legislative Auditing Committee of any audit report reviewed by  
19 the Auditor General pursuant to paragraph (b) that ~~which~~  
20 contains a statement that a ~~the~~ local governmental entity or  
21 district school board has met one or more of the conditions  
22 specified ~~is in a state of financial emergency as provided in~~  
23 s. 218.503. If the Auditor General requests a clarification  
24 regarding information included in an audit report to determine  
25 whether a local governmental entity or district school board  
26 has met one or more of the conditions specified in s. 218.503  
27 ~~is in a state of financial emergency,~~ the requested  
28 clarification must be provided within 45 days after the date  
29 of the request. If the local governmental entity or district  
30 school board does not comply with the Auditor General's  
31 request, the Auditor General shall notify the Legislative

1 Auditing Committee. If, after obtaining the requested  
2 clarification, the Auditor General determines that the local  
3 governmental entity or district school board has met one or  
4 more of the conditions specified in s. 218.503 ~~is in a state~~  
5 ~~of financial emergency~~, he or she shall notify the Governor or  
6 the Commissioner of Education, as appropriate, and the  
7 Legislative Auditing Committee.

8 (8) RULES OF THE AUDITOR GENERAL.--The Auditor  
9 General, in consultation with the Board of Accountancy, shall  
10 adopt rules for the form and conduct of all financial audits  
11 performed by independent certified public accountants pursuant  
12 to ss. 215.981, 218.39, 1001.453, 1004.28, and 1004.70. The  
13 rules for audits of local governmental entities and district  
14 school boards must include, but are not limited to,  
15 requirements for the reporting of information necessary to  
16 carry out the purposes of the Local Governmental Entity and  
17 District School Board ~~Government~~ Financial Emergencies Act as  
18 stated in s. 218.501.

19 Section 3. Subsection (10) of section 61.181, Florida  
20 Statutes, is amended to read:

21 61.181 Depository for alimony transactions, support,  
22 maintenance, and support payments; fees.--

23 (10) Compliance with the requirements of this section  
24 shall be included as part of the annual county audit required  
25 pursuant to s. 218.39 ~~11.45~~.

26 Section 4. Subsection (3) of section 75.05, Florida  
27 Statutes, is amended to read:

28 75.05 Order and service.--

29 (3) ~~In the case of independent special districts as~~  
30 ~~defined in s. 218.31(7), a copy of the complaint shall be~~  
31 ~~served on the Division of Bond Finance of the State Board of~~



1 ~~Administration.~~Notwithstanding any other provision of law,  
2 whether a general law or special act, validation of bonds to  
3 be issued by a special district, other than a community  
4 development district established pursuant to chapter 190, as  
5 provided in s. 190.016(12), is not mandatory, but is at the  
6 option of the issuer. However, the validation of bonds issued  
7 by such community development districts shall not be required  
8 on refunding issues.

9 Section 5. Paragraph (a) of subsection (2) of section  
10 112.08, Florida Statutes, is amended to read:

11 112.08 Group insurance for public officers, employees,  
12 and certain volunteers; physical examinations.--

13 (2)(a) Notwithstanding any general law or special act  
14 to the contrary,every local governmental unit is authorized  
15 to provide and pay out of its available funds for all or part  
16 of the premium for life, health, accident, hospitalization,  
17 legal expense, or annuity insurance, or all or any kinds of  
18 such insurance, for the officers and employees of the local  
19 governmental unit and for health, accident, hospitalization,  
20 and legal expense insurance for the dependents of such  
21 officers and employees upon a group insurance plan and, to  
22 that end, to enter into contracts with insurance companies or  
23 professional administrators to provide such insurance. Before  
24 entering any contract for insurance, the local governmental  
25 unit shall advertise for competitive bids; and such contract  
26 shall be let upon the basis of such bids. If a contracting  
27 health insurance provider becomes financially impaired as  
28 determined by the Department of Insurance or otherwise fails  
29 or refuses to provide the contracted-for coverage or  
30 coverages, the local government may purchase insurance, enter  
31 into risk management programs, or contract with third-party

1 administrators and may make such acquisitions by advertising  
2 for competitive bids or by direct negotiations and contract.  
3 The local governmental unit may undertake simultaneous  
4 negotiations with those companies which have submitted  
5 reasonable and timely bids and are found by the local  
6 governmental unit to be fully qualified and capable of meeting  
7 all servicing requirements. Each local governmental unit may  
8 self-insure any plan for health, accident, and hospitalization  
9 coverage or enter into a risk management consortium to provide  
10 such coverage, subject to approval based on actuarial  
11 soundness by the Department of Insurance; and each shall  
12 contract with an insurance company or professional  
13 administrator qualified and approved by the Department of  
14 Insurance to administer such a plan.

15 Section 6. Subsection (5) of section 112.625, Florida  
16 Statutes, is amended to read:

17 112.625 Definitions.--As used in this act:

18 (5) "Governmental entity" means the state, for the  
19 Florida Retirement System, and the county, municipality, ~~or~~  
20 special district, or district school board which is the  
21 employer of the member of a local retirement system or plan.

22 Section 7. Subsection (4) of section 112.63, Florida  
23 Statutes, is amended to read:

24 112.63 Actuarial reports and statements of actuarial  
25 impact; review.--

26 (4) Upon receipt, pursuant to subsection (2), of an  
27 actuarial report, or upon receipt, pursuant to subsection (3),  
28 of a statement of actuarial impact, the Department of  
29 Management Services shall acknowledge such receipt, but shall  
30 only review and comment on each retirement system's or plan's  
31 actuarial valuations at least on a triennial basis. If the

1 department finds that the actuarial valuation is not complete,  
2 accurate, or based on reasonable assumptions or otherwise  
3 fails to satisfy the requirements of this part, the department  
4 requires additional information necessary to complete its  
5 review of the actuarial valuation of a system or plan or  
6 information necessary to satisfy the duties of the department  
7 pursuant to s. 112.665(1), or if the department does not  
8 receive the actuarial report or statement of actuarial impact,  
9 the department shall notify the administrator of the affected  
10 retirement system or plan and the affected governmental entity  
11 ~~local government~~ and request appropriate adjustment, the  
12 additional information, or the required report or statement.  
13 The notification shall inform the administrator of the  
14 affected retirement system or plan and the affected  
15 governmental entity of the consequences for failure to comply  
16 with the requirements of this subsection. If, after a  
17 reasonable period of time, a satisfactory adjustment is not  
18 made or the report, statement, or additional information is  
19 not provided, the department may notify the Department of  
20 Revenue and the Department of Financial Services of such  
21 noncompliance, in which case the Department of Revenue and the  
22 Department of Financial Services shall withhold any funds not  
23 pledged for bond debt service satisfaction that are payable to  
24 the affected governmental entity until the adjustment is made  
25 or the report, statement, or additional information is  
26 provided to the department. The department shall specify the  
27 date such action is to begin and notification by the  
28 department must be received by the Department of Revenue, the  
29 Department of Financial Services, and the affected  
30 governmental entity 30 days before the date the action is to  
31 begin.

1           (a) Within 21 days after receipt of the notice, the  
2 affected governmental entity ~~local government or the~~  
3 ~~department~~ may petition for a hearing under the provisions of  
4 ss. 120.569 and 120.57 with the Department of Management  
5 Services. The Department of Revenue and the Department of  
6 Financial Services shall not be parties to any such hearing  
7 but may request to intervene if requested by the Department of  
8 Management Services or if either the Department of Revenue or  
9 the Department of Financial Services determines its interests  
10 may be adversely affected by the hearing. If the  
11 administrative law judge recommends in favor of the  
12 department, the department shall perform an actuarial review  
13 or prepare the statement of actuarial impact, or collect the  
14 requested information. The cost to the department of  
15 performing such actuarial review, or preparing such statement,  
16 or collecting the requested information shall be charged to  
17 the affected governmental entity of which the employees are  
18 covered by the retirement system or plan. If payment of such  
19 costs is not received by the department within 60 days after  
20 receipt by the affected governmental entity of the request for  
21 payment, the department shall certify to the Department of  
22 Revenue and the Department of Financial Services ~~Comptroller~~  
23 the amount due, and the Department of Revenue and the  
24 Department of Financial Services ~~Comptroller~~ shall pay such  
25 amount to the Department of Management Services from any funds  
26 not pledged for bond debt service satisfaction that are  
27 payable to the affected governmental entity of which the  
28 employees are covered by the retirement system or plan. If the  
29 administrative law judge recommends in favor of the affected  
30 governmental entity ~~local retirement system~~ and the department  
31 performs an actuarial review, prepares the statement of

1 actuarial impact, or collects the requested information, the  
2 cost to the department of performing the actuarial review,  
3 preparing the statement, or collecting the requested  
4 information shall be paid by the Department of Management  
5 Services.

6 (b) In the case of an affected special district, the  
7 Department of Management Services shall also notify the  
8 Department of Community Affairs. Upon receipt of notification,  
9 the Department of Community Affairs shall proceed pursuant to  
10 the provisions of s. 189.421 with regard to the special  
11 district.

12 Section 8. Section 130.04, Florida Statutes, is  
13 amended to read:

14 130.04 Sale Notice for bids and disposition of  
15 bonds.--In case the issuing of bonds shall be authorized by  
16 the result of such election, the county commissioners shall  
17 sell the bonds in the manner provided in s. 218.385 ~~cause~~  
18 ~~notice to be given by publication in a newspaper published in~~  
19 ~~the county, or in some newspaper published in the same~~  
20 ~~judicial circuit, if there be none published in the county,~~  
21 ~~that they will receive bids for the purchase of county bonds~~  
22 ~~at the clerk's office, on a date not less than 10 days nor~~  
23 ~~more than 60 days from the first publication of such notice.~~  
24 ~~The notice shall specify the amount of bonds offered for sale,~~  
25 ~~the rate of interest, and the time when principal and~~  
26 ~~installments of interest shall be due and payable. Any and all~~  
27 ~~bids shall be rejected if the commissioners shall deem it to~~  
28 ~~the best interest for the county so to do, and they may cause~~  
29 ~~a new notice to be given in like manner inviting other bids~~  
30 ~~for said bonds; provided, that when the rate of interest on~~  
31 ~~said bonds exceeds 5 percent per annum, said bonds shall not~~

1 ~~be sold for less than 95 cents on the dollar, but when any~~  
2 ~~bonds have heretofore been provided for by election, and the~~  
3 ~~rate of interest is 5 percent per annum, or less, that in such~~  
4 ~~cases the county commissioners may accept less than 95 cents~~  
5 ~~upon the dollar, in the sale of said bonds, or for any portion~~  
6 ~~of said bonds not already sold; provided, however, no bonds~~  
7 ~~shall be sold for less than 90 cents on the dollar.~~

8 Section 9. Subsection (1) of section 132.02, Florida  
9 Statutes, is amended to read:

10 132.02 Taxing units may refund obligations.--

11 (1) Each county, municipality, ~~city, town, special~~  
12 ~~road and bridge district, special tax school district, or and~~  
13 other taxing district ~~districts~~ in this state, herein  
14 sometimes called a unit, may issue, pursuant to a resolution  
15 or resolutions of the governing body thereof (meaning thereby  
16 the board or body vested with the power of determining the  
17 amount of tax levies required for taxing the taxable property  
18 of such unit for the purpose of such unit) and either with or  
19 without the approval of such bonds at an election, except as  
20 may be required by the Constitution of the state, bonds of  
21 such unit for the purpose of refunding any or all bonds,  
22 coupons, or interest on any such bonds, ~~or coupons or paving~~  
23 ~~certificates of indebtedness or interest on any such paving~~  
24 ~~certificates of indebtedness~~, now or hereafter outstanding, or  
25 any other funded debt, all of which are herein referred to as  
26 bonds, whether such unit created such indebtedness or has  
27 assumed, or may become liable therefor, ~~and whether~~  
28 ~~indebtedness to be refunded has matured or to thereafter~~  
29 ~~become matured.~~

30 Section 10. Section 132.09, Florida Statutes, is  
31 amended to read:

1           132.09 Sale of bonds ~~Notice of sale; bids and award;~~  
2 ~~private sale.~~--When sold, the refunding bonds (except as  
3 otherwise expressly provided) shall be sold in the manner  
4 provided in s. 218.385 ~~pursuant to the terms of a notice of~~  
5 ~~sale which shall be published at least twice. The first~~  
6 ~~publication to be not less than 7 days before the date fixed~~  
7 ~~for the sale and to be published in a newspaper published in~~  
8 ~~the unit, or if no newspaper is published in the unit, then in~~  
9 ~~a newspaper published in the county, or if no newspaper is~~  
10 ~~published in the county, then in a newspaper published in~~  
11 ~~Tallahassee, and in the discretion of the governing body of~~  
12 ~~the unit may be published in a financial newspaper in the City~~  
13 ~~of New York. Such notices shall state the time and place and~~  
14 ~~when and where sealed bids will be received, shall state the~~  
15 ~~amount of bonds, their dates, maturities, denominations and~~  
16 ~~interest rate or rates (which may be a maximum rate), interest~~  
17 ~~payment dates, an outline of the terms, if any, on which they~~  
18 ~~are redeemable or become payable before maturity, the amount~~  
19 ~~which must be deposited with the bid to secure its performance~~  
20 ~~if accepted, and such other pertinent information as the~~  
21 ~~governing body of the unit may determine. The notice of sale~~  
22 ~~may require the bidders to fix the interest rate or rates that~~  
23 ~~the bonds are to bear subject to the terms of the notice and~~  
24 ~~the maximum rate permitted by this chapter. The award of the~~  
25 ~~bonds shall be made by the governing body of the unit to the~~  
26 ~~bidder making the most advantageous bid which shall be~~  
27 ~~determined by the governing body in its absolute and~~  
28 ~~uncontrolled discretion. The right to reject all bids shall~~  
29 ~~be reserved to the governing body of the unit. If no bids are~~  
30 ~~received at such public sale, or if all bids are rejected, the~~  
31 ~~bonds may be sold without notice at private sale at any time~~

1 ~~within one year thereafter, but such bonds shall not be sold~~  
2 ~~at private sale on terms less favorable to the unit than were~~  
3 ~~contained in the best bid at the prior public sale.~~

4 Section 11. Paragraph (a) of subsection (2) of section  
5 163.05, Florida Statutes, is amended to read:

6 163.05 Small County Technical Assistance Program.--

7 (2) Recognizing the findings in subsection (1), the  
8 Legislature declares that:

9 (a) The financial difficulties ~~fiscal emergencies~~  
10 confronting small counties require an investment that will  
11 facilitate efforts to improve the productivity and efficiency  
12 of small counties' structures and operating procedures.

13 Section 12. Subsection (2) of section 166.121, Florida  
14 Statutes, is amended to read:

15 166.121 Issuance of bonds.--

16 (2) The governing body of a municipality shall  
17 determine the terms and manner of sale and distribution or  
18 other disposition of any and all bonds it may issue,  
19 consistent with the provisions of s. 218.385, and shall have  
20 any and all powers necessary or convenient to such  
21 disposition.

22 Section 13. Section 166.241, Florida Statutes, is  
23 amended to read:

24 166.241 Fiscal years, ~~financial reports,~~  
25 appropriations, and budgets, and budget amendments.--

26 ~~(1) Each municipality shall report its finances~~  
27 ~~annually as provided by general law.~~

28 (1)(2) Each municipality shall make provision for  
29 establishing a fiscal year beginning October 1 of each year  
30 and ending September 30 of the following year.

31



1           ~~(2)(3)~~ The governing body of each municipality shall  
2 adopt a budget each fiscal year. The budget must be adopted by  
3 ordinance or resolution unless otherwise specified in the  
4 respective municipality's charter. The amount available from  
5 taxation and other sources, including amounts carried over  
6 from prior fiscal years, must equal the total appropriations  
7 for expenditures and reserves. The budget must regulate  
8 expenditures of the municipality, and it is unlawful for any  
9 officer of a municipal government to expend or contract for  
10 expenditures in any fiscal year except in pursuance of  
11 budgeted appropriations.

12           (3) The governing body of each municipality at any  
13 time within a fiscal year or within up to 60 days following  
14 the end of the fiscal year may amend a budget for that year as  
15 follows:

16           (a) Appropriations for expenditures within a fund may  
17 be decreased or increased by motion recorded in the minutes,  
18 provided that the total of the appropriations of the fund is  
19 not changed.

20           (b) The governing body may establish procedures by  
21 which the designated budget officer may authorize certain  
22 budget amendments within a department, provided that the total  
23 of the appropriations of the department is not changed.

24           (c) If a budget amendment is required for a purpose  
25 not specifically authorized in paragraph (a) or paragraph (b),  
26 the budget amendment must be adopted in the same manner as the  
27 original budget unless otherwise specified in the charter of  
28 the respective municipality.

29           Section 14. Section 189.4044, Florida Statutes, is  
30 amended to read:

31           189.4044 Special procedures for inactive districts.--

1           (1) The department shall declare inactive any special  
2 district in this state by documenting the following ~~filing a~~  
3 ~~report with the Speaker of the House of Representatives and~~  
4 ~~the President of the Senate which shows that such special~~  
5 ~~district is no longer active. The inactive status of the~~  
6 ~~special district must be based upon a finding:~~

7           (a) ~~That~~ The special district meets one of the  
8 following criteria:

9           1. The registered agent of the district, the chair of  
10 the governing body of the district, or the governing body of  
11 the appropriate local general-purpose government notifies the  
12 department in writing that the district has taken no action  
13 for 2 or more ~~calendar~~ years;

14           2. Following an inquiry from the department, the  
15 registered agent of the district, the chair of the governing  
16 body of the district, or the governing body of the appropriate  
17 local general-purpose government notifies the department in  
18 writing that the district has not had a governing board or a  
19 sufficient number of governing board members to constitute a  
20 quorum for 2 or more years or the registered agent of the  
21 district, the chair of the governing body of the district, or  
22 the governing body of the appropriate local general-purpose  
23 government fails to respond to the department's inquiry within  
24 21 days; or 18 or more months;

25           3. The department determines, pursuant to s. 189.421,  
26 that the district has failed to file ~~or make a good faith~~  
27 ~~effort to file~~ any of the reports listed in s. 189.419. ~~or~~

28           4. ~~The district has failed, for 2 consecutive fiscal~~  
29 ~~years, to pay fees assessed by the Special District~~  
30 ~~Information Program pursuant to this chapter.~~

31

1           (b) The department, special district, or local  
2 general-purpose government published ~~That~~ a notice of the  
3 proposed declaration of inactive status ~~has been published~~  
4 ~~once a week for 2 weeks~~ in a newspaper of general circulation  
5 in within the county or municipality in which ~~wherein~~ the  
6 territory of the special district is located and sent a copy  
7 of such notice by certified mail to the registered agent or  
8 chair of the board, if any. Such notice shall include, stating  
9 the name of said special district, the law under which it was  
10 organized and operating, a general description of the  
11 territory included in said special district, and a statement  
12 stating that any objections must be filed pursuant to chapter  
13 120 within 21 days after the publication date to the proposed  
14 declaration or to any claims against the assets of said  
15 special district shall be filed not later than 60 days  
16 following the date of last publication with the department;  
17 and

18           (c) Twenty-one ~~That 60~~ days have elapsed from the ~~last~~  
19 publication date of the notice of proposed declaration of  
20 inactive status and no administrative appeals were ~~sustained~~  
21 ~~objections have been~~ filed.

22           (2) If any special district is declared inactive  
23 pursuant to this section, the property or assets of the  
24 special district are subject to legal process for payment of  
25 any debts of the district. After the payment of all the debts  
26 of said inactive special district, the remainder of its  
27 property or assets shall escheat to the county or municipality  
28 wherein located. If, however, it shall be necessary, in order  
29 to pay any such debt, to levy any tax or taxes on the property  
30 in the territory or limits of the inactive special district,  
31 the same may be assessed and levied by order of the local

1 general-purpose government wherein the same is situated and  
2 shall be assessed by the county property appraiser and  
3 collected by the county tax collector.

4 (3) In the case of a district created by special act  
5 of the Legislature, the department shall send a notice of  
6 declaration of inactive status to ~~notify~~ the Speaker of the  
7 House of Representatives and the President of the Senate. The  
8 notice of declaration of inactive status shall reference of  
9 each known special act creating or amending the charter of any  
10 special district declared to be inactive under this  
11 section. The declaration of inactive status shall be  
12 sufficient notice as required by s. 10, Art. III of the State  
13 Constitution to authorize the Legislature to repeal any  
14 special laws so reported. In the case of a district created by  
15 one or more local general-purpose governments, the department  
16 shall send a notice of declaration of inactive status to the  
17 chair of the governing body of each local general-purpose  
18 government that created the district. In the case of a  
19 district created by interlocal agreement, the department shall  
20 send a notice of declaration of inactive status to the chair  
21 of the governing body of each local general-purpose government  
22 that entered into the interlocal agreement.

23 (4) The entity that created a special district  
24 declared inactive under this section must dissolve the special  
25 district ~~be dissolved~~ by repealing ~~repeal~~ of its enabling laws  
26 or by other appropriate means.

27 Section 15. Subsection (1) of section 189.412, Florida  
28 Statutes, is amended, and subsection (8) is added to that  
29 section, to read:

30 189.412 Special District Information Program; duties  
31 and responsibilities.--The Special District Information

1 Program of the Department of Community Affairs is created and  
2 has the following special duties:

3 (1) The collection and maintenance of special district  
4 noncompliance ~~compliance~~ status reports from the Department of  
5 Management Services ~~Auditor General~~, the Department of  
6 Financial Services ~~Banking and Finance~~, the Division of Bond  
7 Finance of the State Board of Administration, and the Auditor  
8 General ~~the Department of Management Services, the Department~~  
9 ~~of Revenue, and the Commission on Ethics~~ for the reporting  
10 required in ss. ~~112.3144, 112.3145, 112.3148, 112.3149,~~  
11 ~~112.63, 200.068, 218.32, 218.38, and 218.39, and 280.17 and~~  
12 ~~chapter 121 and from state agencies administering programs~~  
13 ~~that distribute money to special districts. The noncompliance~~  
14 ~~special district compliance status reports must list those~~  
15 ~~consist of a list of special districts used in that state~~  
16 ~~agency and a list of which special districts that did not~~  
17 ~~comply with the statutory reporting requirements statutorily~~  
18 ~~required by that agency.~~

19 (8) Providing assistance to local general-purpose  
20 governments and certain state agencies in collecting  
21 delinquent reports or information, helping special districts  
22 comply with reporting requirements, declaring special  
23 districts inactive when appropriate, and, when directed by the  
24 Legislative Auditing Committee, initiating enforcement  
25 provisions as provided in ss. 189.4044, 189.419, and 189.421.

26 Section 16. Subsections (1) and (2) of section  
27 189.418, Florida Statutes, are amended, subsection (5) is  
28 renumbered as subsection (6), present subsection (6) is  
29 renumbered as subsection (7) and amended, and a new subsection  
30 (5) is added to that section, to read:

31 189.418 Reports; budgets; audits.--

1           (1) When a new special district is created, the  
2 district must forward to the department, within 30 days after  
3 the adoption of the special act, rule, ordinance, resolution,  
4 or other document that provides for the creation of the  
5 district, a copy of the document and a written statement that  
6 includes a reference to the status of the special district as  
7 dependent or independent and the basis for such  
8 classification. In addition to the document or documents that  
9 create the district, the district must also submit a map of  
10 the district, showing any municipal boundaries that cross the  
11 district's boundaries, and any county lines if the district is  
12 located in more than one county. The department must notify  
13 the local government or other entity and the district within  
14 30 days after receipt of the document or documents that create  
15 the district as to whether the district has been determined to  
16 be dependent or independent.

17           (2) Any amendment, modification, or update of the  
18 document by which the district was created, including changes  
19 in boundaries, must be filed with the department within 30  
20 days after adoption. The department may initiate proceedings  
21 against special districts as provided in s. ss. 189.421 and  
22 189.422 for failure to file the information required by this  
23 subsection.

24           (5) The governing body of each special district at any  
25 time within a fiscal year or within up to 60 days following  
26 the end of the fiscal year may amend a budget for that  
27 year. The budget amendment must be adopted by resolution.

28           (7)(6) All reports or information required to be filed  
29 with a local governing authority under ss. 189.415, 189.416,  
30 and 189.417, ~~218.32~~, ~~and 218.39~~ and this section shall:  
31

1 (a) When the local governing authority is a county, be  
2 filed with the clerk of the board of county commissioners.

3 (b) When the district is a multicounty district, be  
4 filed with the clerk of the county commission in each county.

5 (c) When the local governing authority is a  
6 municipality, be filed at the place designated by the  
7 municipal governing body.

8 Section 17. Section 189.419, Florida Statutes, is  
9 amended to read:

10 189.419 Effect of failure to file certain reports or  
11 information.--

12 (1) If a special district fails to file the reports or  
13 information required under s. 189.415, s. 189.416, or s.  
14 189.417, ~~s. 189.418, s. 218.32, or s. 218.39~~ and a description  
15 ~~of all new bonds as provided in s. 218.38(1)~~ with the local  
16 governing authority, the person authorized to receive and read  
17 the reports or information shall notify the district's  
18 registered agent and the appropriate local governing authority  
19 or authorities. If requested by the district ~~At any time~~, the  
20 governing authority shall ~~may~~ grant an extension of time of up  
21 to 30 days for filing the required reports or information,  
22 ~~except that an extension may not exceed 30 days.~~

23 (2) If at any time the local governing authority or  
24 authorities or the board of county commissioners determines  
25 that there has been an unjustified failure to file the reports  
26 or information described in subsection (1), it may notify  
27 ~~petition~~ the department and the department may proceed  
28 pursuant to initiate proceedings against the special district  
29 ~~in the manner provided in s. 189.421.~~

30 (3) If a special district fails to file the reports or  
31 information required under s. 112.63, s. 218.32, s. 218.38, or

1 s. 218.39 with the appropriate state agency, the agency shall  
2 notify the department, and the department shall proceed  
3 pursuant to s. 189.421 ~~may initiate proceedings against the~~  
4 ~~special district in the manner provided in s. 189.421 or~~  
5 ~~assess fines of not more than \$25, with an aggregate total not~~  
6 ~~to exceed \$50, when formal inquiries do not resolve the~~  
7 ~~noncompliance.~~

8 Section 18. Section 189.421, Florida Statutes, is  
9 amended to read:

10 (Substantial rewording of section. See  
11 s. 189.421, F.S., for present text.)

12 189.421 Failure of district to disclose financial  
13 reports.--

14 (1) When notified pursuant to s. 189.419, the  
15 department shall attempt to assist a special district to  
16 comply with its financial reporting requirements by sending a  
17 certified letter to the special district, and a copy of the  
18 letter to the chair of the governing body of the local  
19 general-purpose government, which includes the following: a  
20 description of the required report, including statutory  
21 submission deadlines, a contact telephone number for technical  
22 assistance to help the special district comply, a 60-day  
23 extension of time for filing the required report with the  
24 appropriate entity, the address where the report must be  
25 filed, and an explanation of the penalties for  
26 noncompliance. The department may grant an additional 30-day  
27 extension of time if requested to do so in writing by the  
28 special district. The department shall notify the appropriate  
29 entity of the new extension of time. In the case of a special  
30 district that did not timely file the reports or information  
31 required by s. 218.38, the department shall send a certified



1 technical assistance letter to the special district that  
2 summarizes the requirements and encourages the special  
3 district to take steps to prevent the noncompliance from  
4 reoccurring.

5 (2) Failure of a special district to comply with the  
6 financial reporting requirements after the procedures of  
7 subsection (1) are exhausted shall be deemed final action of  
8 the special district. The financial reporting requirements  
9 are hereby declared to be essential requirements of  
10 law. Remedy for noncompliance shall be by writ of certiorari  
11 as set forth in subsection (3).

12 (3) Pursuant to s. 11.40(5)(b), the Legislative  
13 Auditing Committee shall notify the department of those  
14 districts that failed to file the required report. Within 30  
15 days after receiving this notice or within 30 days after the  
16 extension date provided in subsection (1), whichever occurs  
17 later, the department shall proceed as follows:  
18 notwithstanding the provisions of chapter 120, the department  
19 shall file a petition for writ of certiorari with the circuit  
20 court. Venue for all actions pursuant to this subsection shall  
21 be in Leon County. The court shall award the prevailing party  
22 attorney's fees and costs in all cases filed pursuant to this  
23 section unless affirmatively waived by all parties. A writ of  
24 certiorari shall be issued unless a respondent establishes  
25 that the notification of the Legislative Auditing Committee  
26 was issued as a result of material error. Proceedings under  
27 this subsection shall otherwise be governed by the Rules of  
28 Appellate Procedure.

29 Section 19. Subsection (5) of section 189.428, Florida  
30 Statutes, is amended to read:

31 189.428 Special districts; oversight review process.--

1 (5) Those conducting the oversight review process  
2 shall, at a minimum, consider the listed criteria for  
3 evaluating the special district, but may also consider any  
4 additional factors relating to the district and its  
5 performance. If any of the listed criteria does ~~do~~ not apply  
6 to the special district being reviewed, it ~~they~~ need not be  
7 considered. The criteria to be considered by the reviewer  
8 include:

9 (a) The degree to which the service or services  
10 offered by the special district are essential or contribute to  
11 the well-being of the community.

12 (b) The extent of continuing need for the service or  
13 services currently provided by the special district.

14 (c) The extent of municipal annexation or  
15 incorporation activity occurring or likely to occur within the  
16 boundaries of the special district and its impact on the  
17 delivery of services by the special district.

18 (d) Whether there is a less costly alternative method  
19 of delivering the service or services that would adequately  
20 provide the district residents with the services provided by  
21 the district.

22 (e) Whether transfer of the responsibility for  
23 delivery of the service or services to an entity other than  
24 the special district being reviewed could be accomplished  
25 without jeopardizing the district's existing contracts, bonds,  
26 or outstanding indebtedness.

27 (f) Whether the Auditor General has notified the  
28 Legislative Auditing Committee that the special district's  
29 audit report, reviewed pursuant to s. 11.45(7), indicates that  
30 the district has met any of the conditions specified in s.  
31 218.503(1) or that a deteriorating financial condition exists

1 that may cause a condition described in s. 218.503(1) to occur  
2 if actions are not taken to address such condition.

3 ~~(g) Whether the Auditor General has determined that~~  
4 ~~the special district is in a state of financial emergency as~~  
5 ~~provided in s. 218.503(1), and has notified the Governor and~~  
6 ~~the Legislative Auditing Committee.~~

7 (g)~~(h)~~ Whether the district is inactive according to  
8 the official list of special districts, and whether the  
9 district is meeting and discharging its responsibilities as  
10 required by its charter, as well as projected increases or  
11 decreases in district activity.

12 (h)~~(i)~~ Whether the special district has failed to  
13 comply with any of the reporting requirements in this chapter,  
14 including preparation of the public facilities report.

15 (i)~~(j)~~ Whether the special district has designated a  
16 registered office and agent as required by s. 189.416, and has  
17 complied with all open public records and meeting  
18 requirements.

19 Section 20. Paragraph (a) of subsection (1) of section  
20 189.439, Florida Statutes, is amended to read:

21 189.439 Bonds.--

22 (1) AUTHORIZATION AND FORM OF BONDS.--

23 (a) The authority may issue and sell bonds for any  
24 purpose for which the authority has the power to expend money,  
25 including, without limitation, the power to obtain working  
26 capital loans to finance the costs of any project and to  
27 refund any bonds or other indebtedness at the time outstanding  
28 at or before maturity. Bonds may be sold in the manner  
29 provided in s. 218.385 and ~~by public or negotiated sale after~~  
30 ~~advertisement, if any, as the board considers~~

31

1 ~~advisable.~~ Bonds may be authorized by resolution of the  
2 board.

3 Section 21. Subsections (1) and (2) of section  
4 191.005, Florida Statutes, is amended to read:

5 191.005 District boards of commissioners; membership,  
6 officers, meetings.--

7 (1)(a) With the exception of districts whose governing  
8 boards are appointed collectively by the Governor, the county  
9 commission, and any cooperating city within the county, the  
10 business affairs of each district shall be conducted and  
11 administered by a five-member board. All three-member boards  
12 existing on the effective date of this act shall be converted  
13 to five-member boards, except those permitted to continue as a  
14 three-member board by special act adopted in 1997 or  
15 thereafter. The board shall be elected in nonpartisan  
16 elections by the electors of the district. Except as provided  
17 in this act, such elections shall be held at the time and in  
18 the manner prescribed by law for holding general elections in  
19 accordance with s. 189.405(2)(a) and (3), and each member  
20 shall be elected for a term of 4 years and serve until the  
21 member's successor assumes office. Candidates for the board of  
22 a district shall qualify with the county supervisor of  
23 elections in whose jurisdiction the district is located. If  
24 the district is a multicounty district, candidates shall  
25 qualify with the Department of State. All candidates may  
26 qualify by paying a filing fee of \$25 or by obtaining the  
27 signatures of at least 25 registered electors of the district  
28 on petition forms provided by the supervisor of elections  
29 which petitions shall be submitted and checked in the same  
30 manner as petitions filed by nonpartisan judicial candidates  
31 pursuant to s. 105.035. Notwithstanding s. 106.021, a

1 candidate who does not collect contributions and whose only  
2 expense is the filing fee shall not be required to appoint a  
3 campaign treasurer or designate a primary campaign depository.

4 (b)1. At the next general election following the  
5 effective date of this act, or on or after the effective date  
6 of a special act or general act of local application creating  
7 a new district, the members of the board shall be elected by  
8 the electors of the district in the manner provided in this  
9 section. The office of each member of the board is designated  
10 as being a seat on the board, distinguished from each of the  
11 other seats by a numeral: 1, 2, 3, 4, or 5. The numerical  
12 seat designation does not designate a geographical subdistrict  
13 unless such subdistrict exists on the effective date of this  
14 act, in which case the candidates must reside in the  
15 subdistrict, and only electors of the subdistrict may vote in  
16 the election for the member from that subdistrict. Each  
17 candidate for a seat on the board shall designate, at the time  
18 the candidate qualifies, the seat on the board for which the  
19 candidate is qualifying. The name of each candidate who  
20 qualifies for election to a seat on the board shall be  
21 included on the ballot in a way that clearly indicates the  
22 seat for which the candidate is a candidate. The candidate  
23 for each seat who receives the most votes cast for a candidate  
24 for the seat shall be elected to the board.

25 2. If, on the effective date of this act, a district  
26 presently in existence elects members of its board, the next  
27 election shall be conducted in accordance with this section,  
28 but this section does not require the early expiration of any  
29 member's term of office by more than 60 days.

30 3. If, on the effective date of this act, a district  
31 does not elect the members of its board, the entire board

1 shall be elected in accordance with this section. However, in  
2 the first election following the effective date of this act,  
3 seats 1, 3, and 5 shall be designated for 4-year terms and  
4 seats 2 and 4 shall be designated for 2-year terms.

5 4. If, on the effective date of this act, the district  
6 has an elected three-member board, one of the two seats added  
7 by this act shall, for the first election following the  
8 effective date of this act, be designated for a 4-year term  
9 and the other for a 2-year term, unless the terms of the three  
10 existing seats all expire within 6 months of the first  
11 election following the effective date of this act, in which  
12 case seats 1, 3, and 5 shall be designated for 4-year terms  
13 and seats 2 and 4 shall be designated for 2-year terms.

14 5. If the district has an elected three-member board  
15 designated to remain three members by special act adopted in  
16 1997 or thereafter, the terms of the board members shall be  
17 staggered. In the first election following the effective date  
18 of this act, seats 1 and 3 shall be designated for 4-year  
19 terms, and seat 2 for a 2-year term.

20 (c) The board of any district may request the local  
21 legislative delegation that represents the area within the  
22 district to create by special law geographical subdistricts  
23 for board seats. Any board of five members or larger elected  
24 on a subdistrict basis as of the effective date of this act  
25 shall continue to elect board members from such previously  
26 designated subdistricts, and this act shall not require the  
27 elimination of board seats from such boards.

28 (2) Each member of the board must be a qualified  
29 elector at the time he or she qualifies and continually  
30 throughout his or her term. Any board members who ceases to be  
31

1 a qualified elector is automatically removed pursuant to this  
2 act.

3 Section 22. Subsection (3) of section 218.075, Florida  
4 Statutes, is amended to read:

5 218.075 Reduction or waiver of permit processing  
6 fees.--Notwithstanding any other provision of law, the  
7 Department of Environmental Protection and the water  
8 management districts shall reduce or waive permit processing  
9 fees for counties with a population of 50,000 or less on April  
10 1, 1994, until such counties exceed a population of 75,000 and  
11 municipalities with a population of 25,000 or less, or any  
12 county or municipality not included within a metropolitan  
13 statistical area. Fee reductions or waivers shall be approved  
14 on the basis of fiscal hardship or environmental need for a  
15 particular project or activity. The governing body must  
16 certify that the cost of the permit processing fee is a fiscal  
17 hardship due to one of the following factors:

18 (3) Any condition specified in s. 218.503(1), that  
19 results in the county or municipality being in ~~determines a~~  
20 state of financial emergency;

21  
22 The permit applicant must be the governing body of a county or  
23 municipality or a third party under contract with a county or  
24 municipality and the project for which the fee reduction or  
25 waiver is sought must serve a public purpose. If a permit  
26 processing fee is reduced, the total fee shall not exceed  
27 \$100.

28 Section 23. Subsection (3) is added to section 218.32,  
29 Florida Statutes, to read:

30 218.32 Annual financial reports; local governmental  
31 entities.--

1           (3) The department shall notify the President of the  
2 Senate and the Speaker of the House of Representatives of any  
3 municipality that has not reported any financial activity for  
4 the last 4 fiscal years. Such notice shall be sufficient to  
5 initiate dissolution procedures described in s.  
6 165.051(1)(a). Any special law authorizing the incorporation  
7 or creation of said municipality shall be included within the  
8 notification.

9           Section 24. Section 218.321, Florida Statutes, is  
10 repealed.

11           Section 25. Subsection (3) of section 218.39, Florida  
12 Statutes, is amended to read:

13           218.39 Annual financial audit reports.--

14           (3)(a) A dependent special district may make provision  
15 for an annual financial audit by being included within the  
16 audit of another local governmental entity upon which it is  
17 dependent. An independent special district may not make  
18 provision for an annual financial audit by being included  
19 within the audit of another local governmental entity.

20           (b) A special district that is a component unit, as  
21 defined by generally accepted accounting principles, of a  
22 local government entity shall provide the local governmental  
23 entity, within a reasonable time period as established by the  
24 local governmental entity, with financial information  
25 necessary to comply with this section. The failure of a  
26 component unit to provide this financial information must be  
27 noted in the annual financial audit report of the local  
28 governmental entity.

29           Section 26. Subsection (3) of section 218.36, Florida  
30 Statutes, is amended to read:

31



1           218.36 County officers; record and report of fees and  
2 disposition of same.--

3           (3) The board of county commissioners may ~~shall, on~~  
4 ~~the 32nd day following the close of the fiscal year,~~ notify  
5 the Governor of the failure of any county officer to comply  
6 with the provisions of this section. Such notification shall  
7 specify the name of the officer and the office held by him or  
8 her at the time of such failure and shall subject said officer  
9 to suspension from office at the Governor's discretion.

10           Section 27. Section 218.369, Florida Statutes, is  
11 amended to read:

12           218.369 Definitions applicable to ss.  
13 218.37-218.386.--As used in this section and in ss. 218.37,  
14 218.38, 218.385, and 218.386, the term "unit of local  
15 government," except where exception is made, means a county,  
16 municipality, special district, district school board, local  
17 agency, authority, or consolidated city-county government or  
18 any other local governmental body or public body corporate and  
19 politic authorized or created by general or special law and  
20 granted the power to issue general obligation or revenue  
21 bonds; and the words "general obligation or revenue bonds"  
22 shall be interpreted to include within their scope general  
23 obligation bonds, revenue bonds, special assessment bonds,  
24 limited revenue bonds, special obligation bonds, debentures,  
25 and other similar instruments, but not bond anticipation  
26 notes.

27           Section 28. Part V of chapter 218, Florida Statutes,  
28 entitled "Financial Emergencies" is renamed "Local  
29 Governmental Entity and District School Board Financial  
30 Emergencies."

31

1           Section 29. Section 218.50, Florida Statutes, is  
2 amended to read:

3           218.50 Popular name ~~Short title~~.--Sections  
4 218.50-218.504 shall be known by the popular name ~~as~~ the  
5 "Local Governmental Entity and District School Board  
6 ~~Government~~ Financial Emergencies Act."

7           Section 30. Section 218.501, Florida Statutes, is  
8 amended to read:

9           218.501 Purposes.--The purposes of ss. 218.50-218.504  
10 are:

11           (1) To promote ~~preserve and protect~~ the fiscal  
12 responsibility ~~solvency~~ of local governmental entities and  
13 district school boards.

14           (2) To assist local governmental entities and district  
15 school boards in providing essential services without  
16 interruption and in meeting their financial obligations.

17           (3) To assist local governmental entities and district  
18 school boards through the improvement of local financial  
19 management procedures.

20           Section 31. Section 218.502, Florida Statutes, is  
21 amended to read:

22           218.502 Definition.--As used in ss. 218.50-218.504,  
23 the term "local governmental entity" means a county,  
24 municipality, or special district, ~~or district school board~~.

25           Section 32. Section 218.503, Florida Statutes, is  
26 amended to read:

27           218.503 Determination of financial emergency.--

28           (1) ~~A~~ Local governmental entities and district school  
29 boards shall be subject to review and oversight by the  
30 Governor or the Commissioner of Education ~~entity is in a state~~  
31

1 ~~of financial emergency~~ when any one of the following  
2 conditions occurs:

3 (a) Failure within the same fiscal year in which due  
4 to pay short-term loans ~~from banks~~ or failure to make bond  
5 debt service or other long-term debt payments when due, as a  
6 result of a lack of funds.

7 (b) Failure to pay uncontested claims from creditors  
8 within 90 days after the claim is presented, as a result of a  
9 lack of funds.

10 (c)~~(b)~~ Failure to transfer at the appropriate time,  
11 due to lack of funds:

- 12 1. Taxes withheld on the income of employees; or
- 13 2. Employer and employee contributions for:
  - 14 a. Federal social security; or
  - 15 b. Any pension, retirement, or benefit plan of an  
16 employee.

17 (d)~~(c)~~ Failure for one pay period to pay, due to lack  
18 of funds:

- 19 1. Wages and salaries owed to employees; or
- 20 2. Retirement benefits owed to former employees.

21 (e)~~(d)~~ An unreserved or total fund balance or retained  
22 earnings deficit, or unrestricted or total net assets deficit,  
23 as reported on the balance sheet or statement of net assets on  
24 the general purpose or basic financial statements, for which  
25 sufficient resources of the local governmental entity, as  
26 reported on the balance sheet or statement of net assets on  
27 the general purpose or basic financial statements, are not  
28 available to cover the deficit ~~for 2 successive years.~~  
29 Resources available to cover reported deficits include net  
30 assets that are not otherwise restricted by federal, state, or  
31 local laws, bond covenants, contractual agreements, or other

1 legal constraints. Fixed or capital assets the disposal of  
2 which would impair the ability of a local governmental entity  
3 to carry out its functions are not considered resources  
4 available to cover reported deficits.

5 ~~(e) Noncompliance of the local government retirement~~  
6 ~~system with actuarial conditions provided by law.~~

7 (2) A local governmental entity shall notify the  
8 Governor and the Legislative Auditing Committee, and a  
9 district school board shall notify the Commissioner of  
10 Education and the Legislative Auditing Committee, when one or  
11 more of the conditions specified in subsection (1) have  
12 occurred or will occur if action is not taken to assist the  
13 local governmental entity or district school board. In  
14 addition, any state agency must, within 30 days after a  
15 determination that one or more of the conditions specified in  
16 subsection (1) have occurred or will occur if action is not  
17 taken to assist the local governmental entity or district  
18 school board ~~the identification of the financial emergency,~~  
19 notify the Governor or the Commissioner of Education, as  
20 appropriate, and the Legislative Auditing Committee ~~when one~~  
21 ~~or more of the conditions specified in subsection (1) have~~  
22 ~~occurred or will occur if action is not taken to assist a~~  
23 ~~local governmental entity.~~

24 (3) Upon notification that one or more of the  
25 conditions in subsection (1) exist, the Governor or his or her  
26 designee shall contact the local governmental entity or the  
27 Commissioner of Education or his or her designee shall contact  
28 the district school board to determine what actions have been  
29 taken by the local governmental entity or the district school  
30 board to resolve the condition ~~financial emergency.~~ The  
31 Governor or the Commissioner of Education, as appropriate,

1 shall determine whether the local governmental entity or the  
2 district school board needs state assistance to resolve the  
3 condition. If state assistance is needed, the local  
4 governmental entity or district school board is considered to  
5 be in a state of financial emergency. The Governor or the  
6 Commissioner of Education, as appropriate, has the authority  
7 to implement measures as set forth in ss. 218.50-218.504 to  
8 assist the local governmental entity or district school board  
9 in resolving ~~resolve~~ the financial emergency. Such measures  
10 may include, but are not limited to:

11 (a) Requiring approval of the local governmental  
12 entity's budget by the Governor or approval of the district  
13 school board's budget by the Commissioner of Education.

14 (b) Authorizing a state loan to a ~~the~~ local  
15 governmental entity and providing for repayment of same.

16 (c) Prohibiting a local governmental entity or  
17 district school board from issuing bonds, notes, certificates  
18 of indebtedness, or any other form of debt until such time as  
19 it is no longer subject to this section.

20 (d) Making such inspections and reviews of records,  
21 information, reports, and assets of the local governmental  
22 entity or district school board. The appropriate local  
23 officials shall cooperate in such, ~~in which~~ inspections and  
24 reviews ~~the appropriate local officials shall cooperate.~~

25 (e) Consulting with ~~the~~ officials and auditors of the  
26 local governmental entity or the district school board and the  
27 appropriate state officials ~~agency~~ regarding any steps  
28 necessary to bring the books of account, accounting systems,  
29 financial procedures, and reports into compliance with state  
30 requirements.

31

1 (f) Providing technical assistance to the local  
2 governmental entity or the district school board.

3 (g)1. Establishing a financial emergency ~~emergencies~~  
4 board to oversee the activities of the local governmental  
5 entity or the district school board. If a financial emergency  
6 ~~The board, if is~~ established for a local governmental entity,  
7 ~~shall be appointed by the Governor~~ shall appoint board members  
8 and select a chair. If a financial emergency board is  
9 established for a district school board, the State Board of  
10 Education shall appoint board members and select a chair. ~~The~~  
11 ~~Governor shall select a chair and such other officers as are~~  
12 ~~necessary.~~ The financial emergency board shall adopt such  
13 rules as are necessary for conducting board business. The  
14 board may:

15 a. Make such reviews of records, reports, and assets  
16 of the local governmental entity or the district school board  
17 as are needed.

18 b. Consult with ~~the~~ officials and auditors of the  
19 local governmental entity or the district school board and the  
20 appropriate state officials regarding any steps necessary to  
21 bring the books of account, accounting systems, financial  
22 procedures, and reports of the local governmental entity or  
23 the district school board into compliance with state  
24 requirements.

25 c. Review the operations, management, efficiency,  
26 productivity, and financing of functions and operations of the  
27 local governmental entity or district school board.

28 2. The recommendations and reports made by the  
29 financial emergency board must be submitted to the Governor  
30 for local governmental entities or to the Commissioner of  
31

1 Education and the State Board of Education for district school  
2 boards for appropriate action.

3 (h) Requiring and approving a plan, to be prepared by  
4 officials of the appropriate state agency in conjunction with  
5 the local governmental entity or the district school board in  
6 consultation with the appropriate state officials, prescribing  
7 actions that will cause the local governmental entity or  
8 district school board to no longer be subject to this  
9 section. The plan must include, but need not be limited to:

10 1. Provision for payment in full of obligations  
11 outlined in subsection (1), designated as priority items, that  
12 are currently all payments due or will to come due on debt  
13 obligations, pension payments, and all payments and charges  
14 imposed or mandated by federal or state law and for all  
15 judgments and past due accounts, as priority items of  
16 expenditures.

17 2. Establishment of a basis of priority budgeting or  
18 zero-based budgeting in order, so as to eliminate low-priority  
19 items that are not affordable.

20 3. The prohibition of a level of operations which can  
21 be sustained only with nonrecurring revenues.

22 (4) A ~~During the financial emergency period, the local~~  
23 governmental entity or district school board may not seek  
24 application of laws under the bankruptcy provisions of the  
25 United States Constitution except with the prior approval of  
26 the Governor for local governmental entities or the  
27 Commissioner of Education for district school boards.

28 (5)(a) The governing authority of any municipality  
29 having a resident population of 300,000 or more on or after  
30 April 1, 1999, which has been declared in a state of financial  
31 emergency pursuant to this section may impose a discretionary

1 per-vehicle surcharge of up to 20 percent on the gross  
2 revenues of the sale, lease, or rental of space at parking  
3 facilities within the municipality which are open for use to  
4 the general public.

5 (b) A municipal governing authority that imposes the  
6 surcharge authorized by this subsection may use the proceeds  
7 of such surcharge for the following purposes only:

8 1. No less than 60 percent and no more than 80 percent  
9 of the surcharge proceeds shall be used by the governing  
10 authority to reduce its ad valorem tax millage rate or to  
11 reduce or eliminate non-ad valorem assessments.

12 2. A portion of the balance of the surcharge proceeds  
13 shall be used by the governing authority to increase its  
14 budget reserves; however, the governing authority shall not  
15 reduce the amount it allocates for budget reserves from other  
16 sources below the amount allocated for reserves in the fiscal  
17 year prior to the year in which the surcharge is initially  
18 imposed. When a 15-percent budget reserve is achieved, based  
19 on the average gross revenue for the most recent 3 prior  
20 fiscal years, the remaining proceeds from this subparagraph  
21 shall be used for the payment of annual debt service related  
22 to outstanding obligations backed or secured by a covenant to  
23 budget and appropriate from non-ad valorem revenues.

24 (c) This subsection expires June 30, 2006.

25 Section 33. Section 218.504, Florida Statutes, is  
26 amended to read:

27 218.504 Cessation of state action.--The Governor or  
28 the Commissioner of Education, as appropriate, has the  
29 authority to terminate all state actions pursuant to ss.  
30 218.50-218.504. Cessation of state action must not occur  
31



1 until the Governor or the Commissioner of Education, as  
2 appropriate, has determined that:

3 (1) The local governmental entity or district school  
4 board:

5 (a) Has established and is operating an effective  
6 financial accounting and reporting system.

7 (b) Has resolved ~~corrected or eliminated~~ the ~~fiscal~~  
8 ~~emergency~~ conditions outlined in s. 218.503(1).

9 (2) None of the ~~No new fiscal emergency~~ conditions  
10 outlined in s. 218.503(1) exists ~~exist~~.

11 Section 34. Chapter 131, Florida Statutes, consisting  
12 of sections 131.01, 131.02, 131.03, 131.04, 131.05, and  
13 131.06, Florida Statutes, is repealed.

14 Section 35. Section 132.10, Florida Statutes, is  
15 repealed.

16 Section 36. Section 165.052, Florida Statutes, is  
17 repealed.

18 Section 37. Section 189.409, Florida Statutes, is  
19 repealed.

20 Section 38. Section 189.422, Florida Statutes, is  
21 repealed.

22 Section 39. Section 200.0684, Florida Statutes, is  
23 repealed.

24 Section 40. Paragraph (h) of subsection (1) of section  
25 218.37, Florida Statutes, is repealed.

26 Section 41. Section 215.195, Florida Statutes, is  
27 amended to read:

28 215.195 Agency deposits relating to the Statewide Cost  
29 Allocation Plan.--

30 (1) APPLICATION FOR ALLOCABLE STATEWIDE  
31 OVERHEAD.--Each state agency, and the judicial branch, making

1 application for federal grant or contract funds shall, in  
2 accordance with the Statewide Cost Allocation Plan (SWCAP),  
3 include in its application a prorated share of the cost of  
4 services provided by state central service agencies which are  
5 reimbursable to the state pursuant to the provisions of Office  
6 of Management and Budget Circular A-87. Preparation of the  
7 Statewide Cost Allocation Plan and coordination thereof with  
8 all applicable parties is the responsibility of the Department  
9 of Financial Services. The Department of Financial Services  
10 shall ensure that the SWCAP presents the most favorable  
11 allocation of central services cost allowable to the state by  
12 the Federal Government.

13 (2) DEPOSIT OF OVERHEAD IN THE GENERAL REVENUE  
14 FUND.--If an application for federal grant or contract funds  
15 is approved, the state agency or judicial branch receiving the  
16 federal grant or contract shall identify that portion  
17 representing reimbursement of allocable statewide overhead and  
18 deposit that amount into the General Revenue Fund unallocated  
19 as directed by the Department of Financial Services ~~Executive~~  
20 ~~Office of the Governor.~~ The Department of Financial Services  
21 shall be responsible for monitoring agency compliance with  
22 this section.

23 Section 42. Section 215.97, Florida Statutes, is  
24 amended to read:

25 215.97 Florida Single Audit Act.--

26 (1) The purposes of the section are to:

27 (a) Establish uniform state audit requirements for  
28 state financial assistance provided by state agencies to  
29 nonstate entities to carry out state projects.  
30  
31

1 (b) Promote sound financial management, including  
2 effective internal controls, with respect to state financial  
3 assistance administered by nonstate entities.

4 (c) Promote audit economy and efficiency by relying to  
5 the extent possible on already required audits of federal  
6 financial assistance provided to nonstate entities.

7 (d) Provide for identification of state financial  
8 assistance transactions in the appropriations act, state  
9 accounting records, and recipient organization records.

10 (e) Promote improved coordination and cooperation  
11 within and between affected state agencies providing state  
12 financial assistance and nonstate entities receiving state  
13 assistance.

14 (f) Ensure, to the maximum extent possible, that state  
15 agencies monitor, use, and followup on audits of state  
16 financial assistance provided to nonstate entities.

17 (2) Definitions; as used in this section, the term:

18 (a) "Audit threshold" means the threshold amount used  
19 to determine to use in determining when a state single audit  
20 or project-specific audit of a nonstate entity shall be  
21 conducted in accordance with this section. Each nonstate  
22 entity that expends a total amount of state financial  
23 assistance equal to or in excess of \$300,000 in any fiscal  
24 year of such nonstate entity shall be required to have a state  
25 single audit, or a project-specific audit performed by an  
26 independent auditor, for such fiscal year in accordance with  
27 the requirements of this section. Every 2 years the Auditor  
28 General, after consulting with the Executive Office of the  
29 Governor, the Department of Financial Services Comptroller,  
30 and all state awarding agencies ~~that provide state financial~~  
31 ~~assistance to nonstate entities,~~ shall review the threshold

1 amount for requiring audits under this section and may adjust  
2 such threshold dollar amount consistent with the purposes  
3 purpose of this section.

4 (b) "Auditing standards" means the auditing standards  
5 as stated in the rules of the Auditor General as applicable to  
6 for-profit organizations, nonprofit organizations, or local  
7 governmental entities.

8 (c) "Catalog of State Financial Assistance" means a  
9 comprehensive listing of state projects. The Catalog of State  
10 Financial Assistance shall be issued by the Department of  
11 Financial Services ~~Executive Office of the Governor~~ after  
12 conferring with ~~the Comptroller~~ and all state awarding  
13 ~~agencies that provide state financial assistance to nonstate~~  
14 ~~entities~~. The Catalog of State Financial Assistance shall  
15 include for each listed state project: the responsible state  
16 awarding agency; standard state project number identifier;  
17 official title; legal authorization; and description of the  
18 state project, including objectives, restrictions, application  
19 and awarding procedures, and other relevant information  
20 determined necessary.

21 (d) "Coordinating agency" means the state awarding  
22 agency that provides the predominant amount of state financial  
23 assistance expended by a recipient, as determined by the  
24 recipient's Schedule of Expenditures of State Financial  
25 Assistance. To provide continuity, the determination of the  
26 predominant amount of state financial assistance shall be  
27 based upon state financial assistance expended in the  
28 recipient's fiscal years ending in 2003, 2006, and 2009, and  
29 every third year thereafter.

30 (e)~~(d)~~ "Financial reporting package" means the  
31 nonstate entities' financial statements, Schedule of

1 Expenditures of State Financial Assistance, auditor's reports,  
2 management letter, auditee's written responses or corrective  
3 action plan, correspondence on followup of prior years'  
4 corrective actions taken, and such other information  
5 determined by the Auditor General to be necessary and  
6 consistent with the purposes of this section.

7 (f)~~(e)~~ "Federal financial assistance" means financial  
8 assistance from federal sources passed through the state and  
9 provided to nonstate organizations ~~entities~~ to carry out a  
10 federal program. "Federal financial assistance" includes all  
11 types of federal assistance as defined in applicable United  
12 States Office of Management and Budget circulars.

13 (g)~~(f)~~ "For-profit organization" means any  
14 organization or sole proprietor that ~~but~~ is not a local  
15 governmental entity or a nonprofit organization.

16 (h)~~(g)~~ "Independent auditor" means an independent  
17 ~~external state or local government auditor or a certified~~  
18 public accountant licensed under chapter 473 ~~who meets the~~  
19 ~~independence standards.~~

20 (i)~~(h)~~ "Internal control over state projects" means a  
21 process, effected by a nonstate ~~an~~ entity's management and  
22 other personnel, designed to provide reasonable assurance  
23 regarding the achievement of objectives in the following  
24 categories:

- 25 1. Effectiveness and efficiency of operations.
- 26 2. Reliability of financial operations.
- 27 3. Compliance with applicable laws and regulations.

28 (j)~~(i)~~ "Local governmental entity" means a county  
29 ~~agency~~, municipality, or special district or any other entity  
30 (other than a district school board, charter school, ~~or~~  
31 community college, or public university), however styled,

1 which independently exercises any type of governmental  
2 function within the state.

3 (k)~~(j)~~ "Major state project" means any state project  
4 meeting the criteria as stated in the rules of the Department  
5 of Financial Services ~~Executive Office of the Governor~~. Such  
6 criteria shall be established after consultation with all ~~the~~  
7 ~~Comptroller and appropriate~~ state awarding agencies ~~that~~  
8 ~~provide state financial assistance~~ and shall consider the  
9 amount of state project expenditures and ~~or~~ expenses or  
10 inherent risks. Each major state project shall be audited in  
11 accordance with the requirements of this section.

12 (l)~~(k)~~ "Nonprofit organization" means any corporation,  
13 trust, association, cooperative, or other organization that:

14 1. Is operated primarily for scientific, educational  
15 service, charitable, or similar purpose in the public  
16 interest;

17 2. Is not organized primarily for profit;

18 3. Uses net proceeds to maintain, improve, or expand  
19 the operations of the organization; and

20 4. Has no part of its income or profit distributable  
21 to its members, directors, or officers.

22 (m)~~(l)~~ "Nonstate entity" means a local governmental  
23 entity, nonprofit organization, or for-profit organization  
24 that receives state financial assistance ~~resources~~.

25 (n) "Nonstate organization" means a local governmental  
26 entity, nonprofit organization, or for-profit organization  
27 that receives state resources.

28 (o)~~(m)~~ "Recipient" means a nonstate entity that  
29 receives state financial assistance directly from a state  
30 awarding agency.

31

1           

(p)(n) "Schedule of Expenditures of State Financial  
2 Assistance" means a document prepared in accordance with the  
3 rules of the Department of Financial Services Comptroller and  
4 included in each financial reporting package required by this  
5 section.

6           

(q)(o) "State awarding agency" means a ~~the~~ state  
7 agency, as defined in s. 216.011, that provides ~~provided~~ state  
8 financial assistance to a ~~the~~ nonstate entity.

9           

(r)(p) "State financial assistance" means ~~financial~~  
10 ~~assistance from~~ state resources, not including federal  
11 financial assistance and state matching on federal programs,  
12 provided to a nonstate entity ~~entities~~ to carry out a state  
13 project. "State financial assistance" shall include the  
14 ~~includes all~~ types of state resources ~~assistance as~~ stated in  
15 the rules of the Department of Financial Services Executive  
16 ~~Office of the Governor~~ established in consultation with all  
17 ~~the Comptroller and appropriate~~ state awarding agencies that  
18 ~~provide state financial assistance. It includes~~ State  
19 financial assistance may be provided directly by state  
20 awarding agencies or indirectly by nonstate entities  
21 ~~recipients of state awards or subrecipients. State financial~~  
22 assistance ~~It~~ does not include procurement contracts used to  
23 buy goods or services from vendors and. ~~Audits of such~~  
24 ~~procurement contracts with vendors are outside of the scope of~~  
25 ~~this section. Also, audits of~~ contracts to operate state-owned  
26 ~~state-government-owned~~ and contractor-operated facilities ~~are~~  
27 ~~excluded from the audit requirements of this section.~~

28           

(s)(q) "State matching" means state resources provided  
29 to a nonstate entity ~~entities to be used~~ to meet federal  
30 financial participation matching requirements ~~of federal~~  
31 ~~programs.~~

1           (t) "State program" means a set of special purpose  
2 activities undertaken to realize identifiable goals and  
3 objectives in order to achieve a state agency's mission and  
4 legislative intent requiring accountability for state  
5 resources.

6           (u)(r) "State project" means a state program that  
7 provides ~~all~~ state financial assistance to a nonstate  
8 organization and that must be ~~entity~~ assigned a ~~single~~ state  
9 project number identifier in the Catalog of State Financial  
10 Assistance.

11           (v)(s) "State Projects Compliance Supplement" means a  
12 document issued by the Department of Financial Services  
13 ~~Executive Office of the Governor~~, in consultation with ~~the~~  
14 ~~Comptroller and~~ all state awarding agencies ~~that provide state~~  
15 ~~financial assistance~~. The State Projects Compliance Supplement  
16 shall identify state projects, the significant compliance  
17 requirements, eligibility requirements, matching requirements,  
18 suggested audit procedures, and other relevant information  
19 determined necessary.

20           (w)(t) "State project-specific audit" means an audit  
21 of one state project performed in accordance with the  
22 requirements of subsection (10)(9).

23           (x)(u) "State single audit" means an audit of a  
24 nonstate entity's financial statements and state financial  
25 assistance. Such audits shall be conducted in accordance with  
26 the auditing standards as stated in the rules of the Auditor  
27 General.

28           (y)(v) "Subrecipient" means a nonstate entity that  
29 receives state financial assistance through another nonstate  
30 entity.

31



1           ~~(z)(w)~~ "Vendor" means a dealer, distributor, merchant,  
2 or other seller providing goods or services that are required  
3 for the conduct of a state project. These goods or services  
4 may be for an organization's own use or for the use of  
5 beneficiaries of the state project.

6           (3) The Executive Office of the Governor shall be  
7 responsible for notifying the Department of Financial Services  
8 of any actions during the budgetary process which impact the  
9 Catalog of State Financial Assistance.†

10           ~~(a) Upon conferring with the Comptroller and all state~~  
11 ~~awarding agencies, adopt rules necessary to provide~~  
12 ~~appropriate guidance to state awarding agencies, recipients~~  
13 ~~and subrecipients, and independent auditors of state financial~~  
14 ~~assistance relating to the requirements of this section,~~  
15 ~~including:~~

16           1. ~~The types or classes of financial assistance~~  
17 ~~considered to be state financial assistance which would be~~  
18 ~~subject to the requirements of this section. This would~~  
19 ~~include guidance to assist in identifying when the state~~  
20 ~~agency or recipient has contracted with a vendor rather than~~  
21 ~~with a recipient or subrecipient.~~

22           2. ~~The criteria for identifying a major state project.~~

23           3. ~~The criteria for selecting state projects for~~  
24 ~~audits based on inherent risk.~~

25           ~~(b) Be responsible for coordinating the initial~~  
26 ~~preparation and subsequent revisions of the Catalog of State~~  
27 ~~Financial Assistance after consultation with the Comptroller~~  
28 ~~and all state awarding agencies.~~

29           ~~(c) Be responsible for coordinating the initial~~  
30 ~~preparation and subsequent revisions of the State Projects~~  
31

1 ~~Compliance Supplement, after consultation with the Comptroller~~  
2 ~~and all state awarding agencies.~~

3 (4) The Department of Financial Services ~~Comptroller~~  
4 shall:

5 (a) Upon conferring with the Executive Office of the  
6 Governor and all state awarding agencies, adopt rules  
7 necessary to provide appropriate guidance to state awarding  
8 agencies, nonstate entities, and independent auditors of state  
9 financial assistance relating to the requirements of this  
10 section, including:

11 1. The types or classes of state resources considered  
12 to be state financial assistance that would be subject to the  
13 requirements of this section. This would include guidance to  
14 assist in identifying when the state awarding agency or a  
15 nonstate entity has contracted with a vendor rather than with  
16 a recipient or subrecipient.

17 2. The criteria for identifying a major state project.

18 3. The criteria for selecting state projects for  
19 audits based on inherent risk.

20 (b) Be responsible for coordinating revisions to the  
21 Catalog of State Financial Assistance after consultation with  
22 the Executive Office of the Governor and all state awarding  
23 agencies.

24 (c) Be responsible for coordinating with the Executive  
25 Office of the Governor actions affecting the budgetary process  
26 under paragraph (b).

27 (d) Be responsible for coordinating revisions to the  
28 State Projects Compliance Supplement, after consultation with  
29 the Executive Office of the Governor and all state awarding  
30 agencies.

31

1            (e)~~(a)~~ Make enhancements to the state's accounting  
2 system to provide for the:

3            1. Recording of state financial assistance and federal  
4 financial assistance appropriations and expenditures within  
5 the state awarding agencies' operating funds.

6            2. Recording of state project number identifiers, as  
7 provided in the Catalog of State Financial Assistance, for  
8 state financial assistance.

9            3. Establishment and recording of an identification  
10 code for each financial transaction, including state awarding  
11 agencies' disbursements of state financial assistance and  
12 federal financial assistance, as to the corresponding type or  
13 organization that is party to the transaction(e.g., other  
14 governmental agencies, nonprofit organizations, and for-profit  
15 organizations), and disbursements of federal financial  
16 assistance, as to whether the party to the transaction is or  
17 is not a nonstate entity ~~recipient or subrecipient~~.

18            (f)~~(b)~~ Upon conferring with the Executive Office of  
19 the Governor and all state awarding agencies, adopt rules  
20 necessary to provide appropriate guidance to state awarding  
21 agencies, nonstate entities ~~recipients and subrecipients~~, and  
22 independent auditors of state financial assistance relating to  
23 the format for the Schedule of Expenditures of State Financial  
24 Assistance.

25            (g)~~(c)~~ Perform any inspections, reviews,  
26 investigations, or audits of state financial assistance  
27 considered necessary in carrying out the Department of  
28 Financial Services's ~~Comptroller's~~ legal responsibilities for  
29 state financial assistance or to comply with the requirements  
30 of this section.

31            (5) Each state awarding agency shall:

1 (a) Provide to each a recipient information needed by  
2 the recipient to comply with the requirements of this section,  
3 including:

4 1. The audit and accountability requirements for state  
5 projects as stated in this section and applicable ~~rules of the~~  
6 ~~Executive Office of the Governor~~, rules of the Department of  
7 Financial Services Comptroller, and rules of the Auditor  
8 General.

9 2. Information from the Catalog of State Financial  
10 Assistance, including the standard state project number  
11 identifier; official title; legal authorization; and  
12 description of the state project including objectives,  
13 restrictions, and other relevant information determined  
14 necessary.

15 3. Information from the State Projects Compliance  
16 Supplement, including the significant compliance requirements,  
17 eligibility requirements, matching requirements, suggested  
18 audit procedures, and other relevant information determined  
19 necessary.

20 (b) Require the recipient, as a condition of receiving  
21 state financial assistance, to allow the state awarding  
22 agency, the Department of Financial Services Comptroller, and  
23 the Auditor General access to the recipient's records and the  
24 recipient's independent auditor's working papers as necessary  
25 for complying with the requirements of this section.

26 (c) Notify the recipient that this section does not  
27 limit the authority of the state awarding agency to conduct or  
28 arrange for the conduct of additional audits or evaluations of  
29 state financial assistance or limit the authority of any state  
30 awarding agency inspector general, the Auditor General, or any  
31 other state official.

1 (d) Be provided one copy of each financial reporting  
2 package prepared in accordance with the requirement of this  
3 section.

4 (e) Review the recipient's ~~recipient~~ financial  
5 reporting package, including the management letters and  
6 corrective action plans, to the extent necessary to determine  
7 whether timely and appropriate corrective action has been  
8 taken with respect to audit findings and recommendations  
9 pertaining to state financial assistance that are specific to  
10 ~~provided by~~ the state awarding agency.

11 (f) Designate within the state awarding agency a  
12 division, bureau, or other organizational unit that will be  
13 responsible for reviewing financial reporting packages  
14 pursuant to paragraph (e).

15  
16 If the state awarding agency is not the coordinating agency as  
17 defined in paragraph (2)(d), the state awarding agency's  
18 designated division, bureau, or other organizational unit  
19 shall communicate to the coordinating agency the state  
20 awarding agency's approval of the recipient's corrective  
21 action plan with respect to findings and recommendations that  
22 are not specific to the state awarding agency.

23 (6) Each coordinating agency shall:

24 (a) Review the recipient's financial reporting  
25 package, including the management letter and corrective action  
26 plan, to identify audit findings and recommendations that  
27 affect state financial assistance which are not specific to a  
28 particular state awarding agency.

29 (b) For any such findings and recommendations  
30 determine:

31

1           1. Whether timely and appropriate corrective action  
2 has been taken.

3           2. Promptly inform the state awarding agency's  
4 contact, as designated pursuant to paragraph (5)(f), of  
5 actions taken by the recipient to comply with the approved  
6 corrective action plan.

7           (c) Maintain records of followup actions taken for the  
8 use of any succeeding coordinating agency.

9           (7)(6) As a condition of receiving state financial  
10 assistance, each nonstate entity recipient that provides state  
11 financial assistance to a subrecipient shall:

12           (a) Provide to each a subrecipient information needed  
13 by the subrecipient to comply with the requirements of this  
14 section, including:

15           1. Identification of the state awarding agency.

16           2. The audit and accountability requirements for state  
17 projects as stated in this section and applicable ~~rules of the~~  
18 ~~Executive Office of the Governor,~~ rules of the Department of  
19 Financial Services Comptroller, and rules of the Auditor  
20 General.

21           3. Information from the Catalog of State Financial  
22 Assistance, including the standard state project number  
23 identifier; official title; legal authorization; and  
24 description of the state project, including objectives,  
25 restrictions, and other relevant information.

26           4. Information from the State Projects Compliance  
27 Supplement including the significant compliance requirements,  
28 eligibility requirements, matching requirements, and suggested  
29 audit procedures, and other relevant information determined  
30 necessary.

31

1           (b) Review the financial reporting package of the  
2 subrecipient ~~audit reports~~, including the management letter  
3 and corrective action plan letters, to the extent necessary to  
4 determine whether timely and appropriate corrective action has  
5 been taken with respect to audit findings and recommendations  
6 pertaining to state financial assistance provided by a the  
7 state awarding agency or nonstate entity.

8           (c) Perform such other procedures as specified in  
9 terms and conditions of the written agreement with the state  
10 awarding agency or nonstate entity including any required  
11 monitoring of the subrecipient's use of state financial  
12 assistance through onsite visits, limited scope audits, or  
13 other specified procedures.

14           (d) Require subrecipients, as a condition of receiving  
15 state financial assistance, to permit the independent auditor  
16 of the nonstate entity recipient, the state awarding agency,  
17 the Department of Financial Services Comptroller, and the  
18 Auditor General access to the subrecipient's records and the  
19 subrecipient's independent auditor's working papers as  
20 necessary to comply with the requirements of this section.

21           ~~(8)(7)~~ Each recipient or subrecipient of state  
22 financial assistance shall comply with the following:

23           (a) Each nonstate entity that ~~receives state financial~~  
24 ~~assistance and~~ meets the audit threshold requirements, in any  
25 fiscal year of the nonstate entity, as stated in the rules of  
26 the Auditor General, shall have a state single audit conducted  
27 for such fiscal year in accordance with the requirements of  
28 this act and with additional requirements established in ~~rules~~  
29 ~~of the Executive Office of the Governor~~, rules of the  
30 Department of Financial Services Comptroller, and rules of the  
31 Auditor General. If only one state project is involved in a

1 nonstate entity's fiscal year, the nonstate entity may elect  
2 to have only a state project-specific audit ~~of the state~~  
3 ~~project for that fiscal year.~~

4 (b) Each nonstate entity that ~~receives state financial~~  
5 ~~assistance and~~ does not meet the audit threshold requirements,  
6 in any fiscal year of the nonstate entity, as stated in this  
7 law or the rules of the Auditor General is exempt for such  
8 fiscal year from the state single audit requirements of this  
9 section. However, such nonstate entity must meet terms and  
10 conditions specified in the written agreement with the state  
11 awarding agency or nonstate entity.

12 (c) Regardless of the amount of ~~the~~ state financial  
13 assistance, the provisions of this section do not exempt a  
14 nonstate entity from compliance with provisions of law  
15 relating to maintaining records concerning state financial  
16 assistance to such nonstate entity or allowing access and  
17 examination of those records by the state awarding agency,  
18 nonstate entity, the Department of Financial Services  
19 ~~Comptroller~~, or the Auditor General.

20 (d) Audits conducted pursuant to this section shall be  
21 performed annually.

22 (e) Audits conducted pursuant to this section shall be  
23 conducted by independent auditors in accordance with auditing  
24 standards as stated in rules of the Auditor General.

25 (f) Upon completion of the audit as required by this  
26 section, a copy of the recipient's financial reporting package  
27 shall be filed with the state awarding agency and the Auditor  
28 General. Upon completion of the audit as required by this  
29 section, a copy of the subrecipient's financial reporting  
30 package shall be filed with the nonstate entity recipient that  
31 provided the state financial assistance and the Auditor



1 General. The financial reporting package shall be filed in  
2 accordance with the rules of the Auditor General.

3 (g) All financial reporting packages prepared pursuant  
4 to the requirements of this section shall be available for  
5 public inspection.

6 (h) If an audit conducted pursuant to this section  
7 discloses any significant audit findings relating to state  
8 financial assistance, including material noncompliance with  
9 individual state project compliance requirements or reportable  
10 conditions in internal controls of the nonstate entity, the  
11 nonstate entity shall submit as part of the financial  
12 reporting ~~audit~~ package to the state awarding agency or  
13 nonstate entity a plan for corrective action to eliminate such  
14 audit findings or a statement describing the reasons that  
15 corrective action is not necessary.

16 (i) An audit conducted in accordance with this section  
17 is in addition to any audit of federal awards required by the  
18 federal Single Audit Act and other federal laws and  
19 regulations. To the extent that such federally required audits  
20 provide the state awarding agency or nonstate entity with  
21 information it requires to carry out its responsibilities  
22 under state law or other guidance, the a state awarding agency  
23 or nonstate entity shall rely upon and use that information.

24 (j) Unless prohibited by law, the costs ~~cost~~ of audits  
25 pursuant to this section are ~~is~~ allowable charges to state  
26 projects. However, any charges to state projects should be  
27 limited to those incremental costs incurred as a result of the  
28 audit requirements of this section in relation to other audit  
29 requirements. The nonstate entity should allocate such  
30 incremental costs to all state projects for which it expended  
31 state financial assistance.

1           (k) Audit costs may not be charged to state projects  
2 when audits required by this section have not been made or  
3 have been made but not in accordance with this section. If a  
4 nonstate entity fails to have an audit conducted consistent  
5 with this section, a state awarding agency or nonstate entity  
6 ~~agencies~~ may take appropriate corrective action to enforce  
7 compliance.

8           (1) This section does not prohibit the state awarding  
9 agency or nonstate entity from including terms and conditions  
10 in the written agreement which require additional assurances  
11 that state financial assistance meets the applicable  
12 requirements of laws, regulations, and other compliance rules.

13           (m) A state awarding agency or nonstate entity that  
14 ~~provides state financial assistance to nonstate entities and~~  
15 conducts or arranges for audits of state financial assistance  
16 that are in addition to the audits conducted under this act,  
17 including audits of nonstate entities that do not meet the  
18 audit threshold requirements, shall, consistent with other  
19 applicable law, arrange for funding the full cost of such  
20 additional audits.

21           (9)~~(8)~~ The independent auditor when conducting a state  
22 single audit of a nonstate entity ~~recipients or subrecipients~~  
23 shall:

24           (a) Determine whether the nonstate entity's financial  
25 statements are presented fairly in all material respects in  
26 conformity with generally accepted accounting principles.

27           (b) Determine whether state financial assistance shown  
28 on the Schedule of Expenditures of State Financial Assistance  
29 is presented fairly in all material respects in relation to  
30 the nonstate entity's financial statements taken as a whole.  
31

1 (c) With respect to internal controls pertaining to  
2 each major state project:

- 3 1. Obtain an understanding of internal controls;
- 4 2. Assess control risk;
- 5 3. Perform tests of controls unless the controls are  
6 deemed to be ineffective; and
- 7 4. Determine whether the nonstate entity has internal  
8 controls in place to provide reasonable assurance of  
9 compliance with the provisions of laws and rules pertaining to  
10 state financial assistance that have a material effect on each  
11 major state project.

12 (d) Determine whether each major state project  
13 complied with the provisions of laws, rules, and guidelines as  
14 identified in the State Projects Compliance Supplement, or  
15 otherwise identified by the state awarding agency, which have  
16 a material effect on each major state project. When major  
17 state projects are less than 50 percent of the nonstate  
18 entity's total expenditures for all state financial  
19 assistance, the auditor shall select and test additional state  
20 projects as major state projects as necessary to achieve audit  
21 coverage of at least 50 percent of the expenditures for all  
22 state financial assistance provided to the nonstate entity.  
23 Additional state projects needed to meet the 50-percent  
24 requirement may be selected on an inherent risk basis as  
25 stated in the rules of the Department of Financial Services  
26 ~~Executive Office of the Governor~~.

27 (e) Report on the results of any audit conducted  
28 pursuant to this section in accordance with the ~~rules of the~~  
29 ~~Executive Office of the Governor~~, rules of the Department of  
30 Financial Services ~~Comptroller~~, and rules of the Auditor  
31 General. Financial reporting packages ~~Audit reports~~ shall

1 include summaries of the auditor's results regarding the  
2 nonstate entity's financial statements; Schedule of  
3 Expenditures of State Financial Assistance; internal controls;  
4 and compliance with laws, rules, and guidelines.

5 (f) Issue a management letter as prescribed in the  
6 rules of the Auditor General.

7 (g) Upon notification by the nonstate entity, make  
8 available the working papers relating to the audit conducted  
9 pursuant to the requirements of this section to the state  
10 awarding agency, the Department of Financial Services  
11 ~~Comptroller~~, or the Auditor General for review or copying.

12 ~~(10)(9)~~ (10) The independent auditor, when conducting a  
13 state project-specific audit of a nonstate entity recipients  
14 ~~or subrecipients~~, shall:

15 (a) Determine whether the nonstate entity's Schedule  
16 of Expenditures of State Financial Assistance is presented  
17 fairly in all material respects in conformity with stated  
18 accounting policies.

19 (b) Obtain an understanding of internal controls  
20 ~~control~~ and perform tests of internal controls ~~control~~ over  
21 the state project consistent with the requirements of a major  
22 state project.

23 (c) Determine whether or not the auditee has complied  
24 with applicable provisions of laws, rules, and guidelines as  
25 identified in the State Projects Compliance Supplement, or  
26 otherwise identified by the state awarding agency, which could  
27 have a direct and material effect on the state project.

28 (d) Report on the results of the ~~a~~ state  
29 project-specific audit consistent with the requirements of the  
30 state single audit and issue a management letter as prescribed  
31 in the rules of the Auditor General.

1 (e) Upon notification by the nonstate entity, make  
2 available the working papers relating to the audit conducted  
3 pursuant to the requirements of this section to the state  
4 awarding agency, the Department of Financial Services  
5 ~~Comptroller~~, or the Auditor General for review or copying.

6 ~~(11)(10)~~ The Auditor General shall:

7 (a) Have the authority to audit state financial  
8 assistance provided to any nonstate entity when determined  
9 necessary by the Auditor General or when directed by the  
10 Legislative Auditing Committee.

11 (b) Adopt rules that state the auditing standards that  
12 independent auditors are to follow for audits of nonstate  
13 entities required by this section.

14 (c) Adopt rules that describe the contents and the  
15 filing deadlines for the financial reporting package.

16 (d) Provide technical advice upon request of the  
17 Department of Financial Services Comptroller, ~~Executive Office~~  
18 ~~of the Governor~~, and state awarding agencies relating to  
19 financial reporting and audit responsibilities contained in  
20 this section.

21 (e) Be provided one copy of each financial reporting  
22 package prepared in accordance with the requirements of this  
23 section.

24 (f) Perform ongoing reviews of a sample of financial  
25 reporting packages filed pursuant to the requirements of this  
26 section to determine compliance with the reporting  
27 requirements of this section and applicable ~~rules of the~~  
28 ~~Executive Office of the Governor~~, rules of the Department of  
29 Financial Services Comptroller, and rules of the Auditor  
30 General.

31

1           Section 43. Section 1010.47, Florida Statutes, is  
2 amended to read:

3           1010.47 Receiving bids and sale of bonds.--

4           (1) If the issuance of bonds is authorized at the  
5 election, or if any bonds outstanding against the district are  
6 being refunded, the district school board shall sell the bonds  
7 in the manner provided in s. 218.385.~~cause notice to be given~~  
8 ~~by publication in some newspaper published in the district~~  
9 ~~that the board will receive bids for the purchase of the bonds~~  
10 ~~at the office of the district school superintendent. The~~  
11 ~~notice shall be published twice, and the first publication~~  
12 ~~shall be given not less than 30 days prior to the date set for~~  
13 ~~receiving the bids. The notice shall specify the amount of the~~  
14 ~~bonds offered for sale, shall state whether the bids shall be~~  
15 ~~sealed bids or whether the bonds are to be sold at auction,~~  
16 ~~and shall give the schedule of maturities of the proposed~~  
17 ~~bonds and such other pertinent information as may be~~  
18 ~~prescribed by rules of the State Board of Education. Bidders~~  
19 ~~may be invited to name the rate of interest that the bonds are~~  
20 ~~to bear or the district school board may name rates of~~  
21 ~~interest and invite bids thereon. In addition to publication~~  
22 ~~of notice of the proposed sale as set forth in this~~  
23 ~~subsection, the district school board shall notify in writing~~  
24 ~~at least three recognized bond dealers in the state, and, at~~  
25 ~~the same time, notify the Department of Education concerning~~  
26 ~~the proposed sale and enclose a copy of the advertisement.~~

27           (2) ~~All bonds and refunding bonds issued as provided~~  
28 ~~by law shall be sold to the highest and best bidder at such~~  
29 ~~public sale unless sold at a better price or yield basis~~  
30 ~~within 30 days after failure to receive an acceptable bid at a~~  
31 ~~duly advertised public sale, provided that at no time shall~~

1 ~~bonds or refunding bonds be sold or exchanged at less than par~~  
2 ~~value except as specifically authorized by the Department of~~  
3 ~~Education; and provided, further, that the district school~~  
4 ~~board shall have the right to reject all bids and cause a new~~  
5 ~~notice to be given in like manner inviting other bids for such~~  
6 ~~bonds, or to sell all or any part of such bonds to the State~~  
7 ~~Board of Education at a price and yield basis that shall not~~  
8 ~~be less advantageous to the district school board than that~~  
9 ~~represented by the highest and best bid received.~~In the  
10 marketing of the bonds, the district school board shall be  
11 entitled to have such assistance as can be rendered by the  
12 Division of Bond Finance, the Commissioner of Education, or  
13 any other public state officer or agency. In determining the  
14 highest and best bidder for bonds offered for sale, the net  
15 interest cost to the school board as shown in standard bond  
16 tables shall govern, provided that the determination of the  
17 district school board as to the highest and best bidder shall  
18 be final.

19           Section 44. Effective July 1, 2003, one full-time  
20 equivalent position is transferred from the Executive Office  
21 of the Governor to the Department of Financial Services.

22           Section 45. This act shall take effect upon becoming a  
23 law.

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